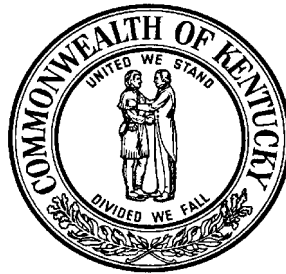


**REPORT OF THE AUDIT OF THE
CASEY COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CASEY COUNTY SHERIFF

For The Year Ended
December 31, 2001

The Auditor of Public Accounts has completed the Casey County Sheriff's audit for the year ended December 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$782 from the prior calendar year, resulting in excess fees of \$2,552 as of December 31, 2001. Revenues increased by \$1,658 from the prior year and disbursements increased by \$2,440.

Report Comments:

- Lacks Adequate Segregation Of Duties
- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Honorable Robert Weddle, Casey County Sheriff

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Casey County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald D. Wright, County Judge/Executive
Honorable Robert Weddle, Casey County Sheriff
Members of the Casey County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- Lacks Adequate Segregation Of Duties
- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 14, 2002

CASEY COUNTY
ROBERT WEDDLE, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2001

State Grants		\$	10,540
State Fees For Services:			
Finance and Administration Cabinet	\$	10,297	
Sequester Jurors		<u>283</u>	10,580
Circuit Court Clerk:			
Sheriff Security Service	\$	3,170	
Fines and Fees Collected		<u>1,070</u>	4,240
Fiscal Court			9,000
County Clerk - Delinquent Taxes			1,094
Commission On Taxes Collected			109,879
Fees Collected For Services:			
Auto Inspections	\$	5,015	
Accident and Police Reports		524	
Serving Papers		10,310	
Arrest Fees-Other Counties		1,560	
Transporting Mental Patients		<u>925</u>	18,334
Other:			
Carrying Concealed Deadly Weapon Permits	\$	4,380	
Miscellaneous		1,525	
Advertising Fees		4,280	
Add-on Fees		14,327	
House Bill 577		<u>4,890</u>	29,402
Interest Earned			2,875
Borrowed Money:			
State Advancement			<u>50,000</u>
Total Receipts		\$	245,944

CASEY COUNTY
 ROBERT WEDDLE, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2001
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$	45,403
Clerks' Salaries		37,587
Other Salaries		9,677
Employee Benefits-		
Employer's Share Retirement-KLEFPF		1,139
Training Fringe Benefit		2,166
Contracted Services-		
Advertising		1,712
Materials and Supplies-		
Office Materials and Supplies		2,401
Uniforms		2,031
Auto Expense-		
Gasoline		2,929
Maintenance and Repairs		2,609
Other Charges-		
Conventions and Travel		1,160
Dues		329
Postage		3,750
Serving Papers		1,300
Bailliff		2,400
House Bill 577		4,620
Sequestor Jurors		287
Utilities		2,353
Patient Transport		29
Carrying Concealed Deadly Weapon Permits		2,790
Miscellaneous		3,687

The accompanying notes are an integral part of the financial statement.

CASEY COUNTY
 ROBERT WEDDLE, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2001
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Capital Outlay-

Office Equipment	\$	1,160	
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Debt Service:

State Advancement		<u>50,000</u>	
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Total Disbursements			\$	181,519
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Less: Disallowed Disbursements

Personal Advertising	\$	50		
Penalty for Late Payment		58		
Expenditures Without Proper Documentation		<u>107</u>		<u>215</u>

Total Allowable Disbursements			\$	<u>181,304</u>
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Net Receipts			\$	64,640
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Less: Statutory Maximum				<u>61,306</u>
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Excess Fees Due County for 2001			\$	3,334
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Payments to County Treasurer - November 14, 2002				<u>3,334</u>
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Balance Due at Completion of Audit			\$	<u><u>0</u></u>
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The accompanying notes are an integral part of the financial statement.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and 6.41 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months and 16.28 percent for the last six months of the calendar year.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Related Party Transactions

The Casey County Sheriff's office paid \$1,946 during calendar year 2001 to Liberty Tire and Muffler for auto repairs and maintenance. Liberty Tire and Muffler is owned by the Sheriff's brother. The county's code of ethics states no county officer, county employee, or immediate family member of the officer or employee shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee. It further defines immediate family member as a spouse, child, or person claimed as a dependent for tax purposes; therefore, the Sheriff is not in violation of the county's code of ethics. On January 17, 2000, the Casey County Board of Ethics confirmed that the Sheriff was not in violation of the code by purchasing services from Liberty Tire and Muffler; however, the Sheriff should present detailed and itemized bills for any services provided by Liberty Tire and Muffler to the Casey County Board of Ethics for review and approval on an annual basis.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 5. Drug Enforcement Account

As of January 1, 2001, the Sheriff had a balance of \$944 in the Drug Enforcement Account. In 2001, the Sheriff received \$50 in court-ordered contributions and expended \$500, leaving a balance of \$494 as of December 31, 2001. These funds are to be used in law enforcement activities against drugs and are not included as a part of excess fees.

Note 6. Subsequent Events

The 1998 Fee Audit was in error on commissions by \$8,476. This amount remained in the Money Market Tax account and should have been transferred to the 1998 Fee account, thereby resulting in excess fees due the county. This amount was subsequently paid to the county on November 12, 2002.

COMMENTS AND RECOMMENDATIONS

CASEY COUNTY
ROBERT WEDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2001

STATE LAWS AND REGULATIONS:

1. The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
-

Per Technical Audit Bulletin #93-001, any penalties for late payments or expenditures without proper documentation is subject to an audit comment relating to Ky Const. S 173; KRS 61.190 and 132.601(1); and Funk v. Milliken, 317 S.W.2d 499 (KY 1958). Expenditures to WalMart Supercenter, BP Oil, Shell, and Simpsonville BP and a late fee totaling \$136 were charged to a MBNA credit card and paid with excess fees of the Sheriff's office; however, no receipts were available to verify these purchases. Since proper documentation for these expenditures was not available, these expenditures are disallowed. We recommend the Sheriff reimburse the fee account \$136 from personal funds.

County Sheriff's Response:

See repayment dated 11-14-02.

2. The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
-

Per Technical Audit Bulletin #93-001, any personal or political advertising is subject to an audit comment relating to Ky Const. S 173; KRS 61.190 and 132.601(1); and Funk v. Milliken, 317 S.W.2d 499 (KY 1958). We noted an expenditure to WKDO posted as advertising for "Apple Festival Sponsor" for \$50.

As has been brought to the Sheriff's attention in prior years, this type of expenditure can be misleading as to its "personal and political advertising" nature; therefore, we recommend the Sheriff discontinue such expenditures. Additionally, these items do not appear to meet the required "reasonable and necessary expenditures to operate the Sheriff's office."

We recommend the Sheriff reimburse the fee account \$50 from personal funds for this expenditure.

County Sheriff's Response:

See repayment dated 11-14-02.

CASEY COUNTY
ROBERT WEDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2001
(Continued)

INTERNAL CONTROL - REPORTABLE CONDITION/MATERIAL WEAKNESS:

3. Lacks Adequate Segregation Of Duties

We conclude the internal control structure lacks a proper segregation of duties. There is a limited size staff which prevents adequate division of responsibilities. Even though the Sheriff has statutory authority to assume the role as custodian of monetary assets as well as recorder of transactions and preparer of financial statements, no compensating controls are performed. Therefore, management has decided to limit the number of personnel responsible for duties and accepts the risk for a lack of adequate segregation of duties. In order to offset this internal control weakness, we recommend the Sheriff assign duties to another deputy/employee. Duties that should be separated include preparing deposits, reconciling bank statements, opening mail, and preparing and distributing checks. This other deputy/employee should document performing these duties by initialing and dating documentation.

County Sheriff's Response:

We have begun 12/01 to have a total of 3 people review and approve all reports. The funds are not available for additional personnel.

PRIOR YEAR:

- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
- The Sheriff Should Present Detailed And Itemized Bills For Any Services Provided By Liberty Tire And Muffler To The Casey County Board Of Ethics For Review And Approval On An Annual Basis
- Lacks Adequate Segregation Of Duties

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Casey County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated November 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Casey County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Casey County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. A reportable condition is described in the accompanying comments and recommendations.

- Lacks Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 14, 2002

